

Message Text

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USEEC

E.O. 11652: GDS

TAGS: ECON, XL, EFIN

SUBJECT: CONFERENCE ON ECONOMIC DEVELOPMENT IN THE

CARIBBEAN

REFERENCE: STATE 278001 (NOTAL)

1. THE FOLLOWING PAPER WAS CIRCULATED BY THE WORLD BANK ON NOVEMBER 18 AS A BASIS FOR DISCUSSION OF THE PROPOSED CARIBBEAN GROUP AT THE DECEMBER 14-15 CONFERENCE. IT WAS PREPARED BY THE WORLD BANK IN CONSULTATION WITH THE IMF, CDB AND IDB. ALTHOUGH GOVERNMENTS WILL RECEIVE THIS DOCUMENT THROUGH WORLD BANK CHANNELS, POSTS MAY GIVE COPIES TO CONTACT IN HOST GOVERNMENTS IF THERE IS A DELAY IN RECEIPT.

2. BEGIN QUOTE PROPOSED CARIBBEAN GROUP FOR COOPERATION IN ECONOMIC DEVELOPMENT (MEMORANDUM BY THE WORLD BANK FOR CONSIDERATION UNDER ITEM 3 OF THE PROVISIONAL AGENDA FOR DECEMBER CONFERENCE):

1. IT IS PROPOSED TO ESTABLISH A CARIBBEAN GROUP FOR COOPERATION IN ECONOMIC DEVELOPMENT CONSISTING OF REPRESENTATIVES OF WORLD BANK MEMBER COUNTRIES IN THE CARIBBEAN AND OF OTHER MEMBER COUNTRIES AND INTERNATIONAL AGENCIES INTERESTED IN MAKING SUBSTANTIAL CONTRIBUTIONS TO THE ECONOMIC DEVELOPMENT OF THE REGION. THE CARIBBEAN
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DEVELOPMENT BANK, THE INTER-AMERICAN DEVELOPMENT BANK, THE INTERNATIONAL MONETARY FUND AND THE WORLD BANK WOULD ALL PARTICIPATE IN THE GROUP, WHICH WOULD BE CHAIRED BY THE WORLD BANK. THE FIRST MEETING OF THE GROUP MIGHT BE HELD IN THE SPRING OF 1978.

OBJECTIVES

2. THE PROPOSED CARIBBEAN GROUP WOULD PROVIDE A FRAMEWORK FOR THE PERIODIC REVIEW AND COORDINATION OF ACTIVITIES DIRECTED TOWARDS ACCELERATING THE ECONOMIC DEVELOPMENT OF THE CARIBBEAN COUNTRIES, HELPING THESE COUNTRIES TO ADJUST TO RECENT ADVERSE CHANGES IN THE WORLD ENVIRONMENT, MAKING THEM LESS VULNERABLE TO EXTERNAL FORCES IN FUTURE AND PROMOTING COOPERATION AMONG THEM. WITHIN THIS OVERALL FRAMEWORK SUBJECTS WHICH THE GROUP MIGHT WISH TO CONSIDER, EITHER IN PLENARY SESSION OR IN SMALLER SUB-GROUPS CONCERNED WITH SPECIFIC COUNTRIES OR ISSUES, COULD INCLUDE THE FOLLOWING:

(A) WAYS AND MEANS OF INCREASING THE TOTAL FLOW OF EXTERNAL FINANCIAL AND TECHNICAL ASSISTANCE TO THE REGION IN FORMS AND ON TERMS THAT ARE APPROPRIATE TO THE NEEDS OF RECIPIENT COUNTRIES AND INSTITUTIONS, AND SUBJECT TO ARRANGEMENTS FOR COORDINATION WHICH WOULD MAXIMIZE EFFECTIVENESS AND MINIMIZE DUPLICATION OF EFFORT;

(B) THE CORRESPONDING NEED FOR THE CARIBBEAN COUNTRIES
THEMSELVES TO MAKE MAXIMUM EFFORTS TO MOBILIZE
THEIR RESOURCES FOR DEVELOPMENT AND TO ADOPT
POLICIES AND PROGRAMS THAT WILL ENABLE THEM
PROGRESSIVELY TO REDUCE THEIR DEPENDENCE ON
EXTERNAL SUPPORT;

(C) THE MECHANISMS THROUGH WHICH EXTERNAL FINANCIAL
AND TECHNICAL ASSISTANCE CAN BEST BE CHANNELLED
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TO THE COUNTRIES OF THE REGION AND THE ADEQUACY
OF EXISTING PROVISIONS FOR THE FUNDING OF PRO-
JECT PREPARATION AND IMPLEMENTATION;

(D) PRACTICAL MEASURES THAT WILL ASSIST IN FURTHER-
ING THE PROCESS OF ECONOMIC INTEGRATION AND
COOPERATION AMONG THE ENGLISH-SPEAKING CARIB-
BEAN COUNTRIES THAT BEGAN WITH THE ESTABLISH-
MENT OF THE CARIBBEAN FREE TRADE ASSOCIATION
(CARIFTA) IN 1968, FOLLOWED BY THE CREATION
OF THE CARIBBEAN COMMUNITY (CARICOM) IN
1973/74;

(E) THE CREATION AND SUPPORT OF SUCH COMMON SERVICES
AS MAY BE CONSIDERED DESIRABLE BY THE SMALLER
MEMBER STATES OF THE CARIBBEAN COMMUNITY;

(F) ACTIONS THAT MIGHT BE TAKEN ON A WIDER REGIONAL
BASIS TO DEVELOP CLOSER ECONOMIC COOPERATION
BETWEEN THE MEMBERS OF CARICOM AND OTHER COUN-
TRIES IN THE CARIBBEAN (AREAS AFFORDING SCOPE
FOR SUCH ACTION MIGHT INCLUDE, FOR EXAMPLE,
TRANSPORT AND COMMUNICATIONS, TOURISM, MANPOWER
TRAINING AND AGRICULTURAL RESEARCH);

(G) IDENTIFICATION AND PREPARATION OF REGIONAL IN-
VESTMENT PROJECTS IN BOTH PRODUCTIVE AND INFRA-
STRUCTURAL SECTORS FOR CO-FINANCING BY EXTERNAL
DONORS AND LENDERS;

(H) THE URGENT NEED TO PROVIDE MORE PRODUCTIVE EM-
PLOYMENT FOR THE PEOPLE OF THE CARIBBEAN,
COUPLED WITH POLICIES AND PROGRAMS DESIGNED
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TO INCREASE THE SUPPLY OF TRAINED HIGH AND

MIDDLE-LEVEL MANAGERIAL AND TECHNICAL PERSONNEL
AND TO ALLEVIATE THE REGIONAL 'BRAIN DRAIN';

(I) MEASURES TO ENCOURAGE THE EXPORT OF CARIBBEAN
PRODUCTS, BOTH WITHIN THE REGION AND TO COUNTRIES
OUTSIDE THE REGION;

(J) MEASURES TO INCREASE THE PRODUCTION OF FOOD AND
AGRICULTURAL MATERIALS FOR CONSUMPTION WITHIN
THE REGION AS WELL AS FOR EXPORT; AND

(K) THE CONDITIONS NECESSARY FOR THE SATISFACTION OF
THE BASIC NEEDS OF THE CARIBBEAN PEOPLES AND THE
STRATEGIES TO BE FOLLOWED BY THEIR GOVERNMENTS
IN PURSUIT OF THIS OBJECTIVE.

3. THE EXCEPTIONAL ECONOMIC DIFFICULTIES NOW CONFRONTING
A NUMBER OF THE CARIBBEAN COUNTRIES MAY CALL FOR A VARIETY
OF TYPES OF EXTERNAL AND DOMESTIC ACTIONS TO BE TAKEN IN
SUPPORT OF NATIONAL PROGRAMS AND POLICIES DIRECTED TOWARDS
THE EARLY RESTORATION OF FINANCIAL STABILITY AND THE PRO-
GRESSIVE ACHIEVEMENT OF NECESSARY STRUCTURAL CHANGES.
SEVERAL DIFFERENT TYPES OF EXTERNAL FINANCIAL ASSISTANCE
MAY BE APPROPRIATE IN THESE CIRCUMSTANCES, AND THE PROPOSED
GROUP COULD PROVIDE A FORUM IN WHICH VIEWS WERE EXCHANGED
ON THE RELATIVE ADVANTAGES OF EACH -- FOR EXAMPLE, THE FUND
ING OF PRE-INVESTMENT ACTIVITIES; LOANS TO FINANCE DEVELOP-
MENT PROJECTS, WITH COMPLEMENTARY MEASURES TO FINANCE LOCAL

CONTRIBUTIONS; SHORT AND MEDIUM-TERM BALANCE OF PAYMENTS
SUPPORT; LONGER-TERM PROGRAM ASSISTANCE; AND TECHNIQUES FOR
HELPING THE LESS DEVELOPED COUNTRIES TO MEET THE RECURRENT
COSTS OF ESSENTIAL PUBLIC SERVICES. DONORS COULD USE THE
MEETINGS OF THE GROUP AS OCCASIONS FOR INDICATING THEIR IN-
TENTIONS WITH RESPECT TO FUTURE ASSISTANCE.

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4. THE GROUP WOULD NOT BE A STANDING ORGANIZATION, IT WOULD
NOT HAVE EXECUTIVE RESPONSIBILITIES, NOR WOULD IT ATTEMPT
TO DUPLICATE THE REGIONAL STUDIES WHICH HAVE BEEN OR ARE
BEING CARRIED OUT AT THE MACRO-ECONOMIC OR SECTORAL LEVELS
BY THE INTERNATIONAL FINANCIAL INSTITUTIONS, THE UNITED
NATIONS AND REGIONAL AGENCIES (E.G. THE CARIBBEAN COMMUNITY
SECRETARIAT AND THE CARIBBEAN OFFICE OF THE ECONOMIC
COMMISSION FOR LATIN AMERICA). HOWEVER, DONOR MEMBERS OF
THE GROUP MIGHT BE WILLING IN APPROPRIATE CASES TO PROVIDE
REGIONAL INSTITUTIONS WITH ADDITIONAL FUNDS TO ENABLE THEM
TO STRENGTHEN THEIR STAFFS AND EXTEND THE SCOPE OF THEIR
ACTIVITIES.

PROCEDURES

5. A GENERAL MEETING OF THE WHOLE GROUP MIGHT BE HELD ONCE A YEAR. THE INTERNATIONAL FINANCIAL INSTITUTIONS WOULD PROVIDE SECRETARIAT SERVICES FOR THE MEETING AND WOULD BE RESPONSIBLE FOR THE AGENDA AND FOR PREPARATION AND ADVANCE DISTRIBUTION OF PAPERS DEALING SELECTIVELY WITH DIFFERENT ASPECTS OF REGIONAL DEVELOPMENT AND COOPERATION. GIVEN THE LIKELY SIZE OF THE GROUP, THE BUSINESS OF THE PLENARY SESSIONS COULD HARDLY EXTEND MUCH BEYOND AN EXCHANGE OF INFORMATION ON MATTERS OF GENERAL INTEREST AND THE CONSIDERATION OF GENERAL POLICY GUIDELINES. MOST OF THE SUBSTANTIVE WORK WOULD BE DONE IN SMALLER AD HOC WORKING GROUPS CONCERNED EITHER WITH PARTICULAR COUNTRIES OR WITH PROPOSALS FOR PARTICULAR ACTIVITIES INVOLVING A NUMBER OF COUNTRIES. THESE SUB-GROUPS MIGHT BE CONVENED AT THE TIME OF THE ANNUAL MEETING OR OTHERWISE, EVERY EFFORT BEING MADE TO ECONOMIZE THE TIME OF THE OFFICIALS INVOLVED BY KEEPING THE NUMBER OF SEPARATE MEETINGS TO A MINIMUM.

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6. WORKING GROUPS TO COORDINATE AID TO PARTICULAR COUNTRY (OR GROUPS OF COUNTRIES IN THE CASE OF THE SMALLER STATES) WOULD BE ESTABLISHED ONLY WHEN THE RECIPIENT COUNTRIES THEMSELVES REQUESTED IT, AND WHEN THERE WAS AGREEMENT AMONG THE DONORS PROVIDING THE BULK OF THE AID THAT A FORMAL COORDINATING MECHANISM WOULD BE USEFUL. COUNTRY WORKING GROUPS WOULD HAVE A MUCH MORE LIMITED MEMBERSHIP THAN THE GROUP AS A WHOLE, AND THEIR MEETINGS AND PROCEEDINGS MIGHT GENERALLY FOLLOW THE PATTERN ESTABLISHED FOR WORLD BANK CONSULTATIVE GROUPS, WITH THE PROVISIO THAT DEMANDS ON OFFICIAL TIME AND TRAVEL SHOULD BE KEPT TO A MINIMUM. 1/

1/ A SOMEWHAT DIFFERENTLY ORGANIZED AID COORDINATION GROUP ALREADY EXISTS FOR HAITI, AND THERE APPEARS TO BE NO REASON TO CHANGE THE PRESENT ARRANGEMENT.

7. THE GENERAL PURPOSE OF THE COUNTRY GROUPS WOULD BE TO PROVIDE A COHERENT FRAMEWORK WITHIN WHICH GOVERNMENTS AND INTERNATIONAL AGENCIES COULD REVIEW WITH INDIVIDUAL COUNTRIES THEIR DEVELOPMENT POTENTIAL, PERFORMANCE AND AID REQUIREMENTS. THEY WOULD ALSO SERVE TO IDENTIFY PRIORITY NEEDS AND TO PROVIDE GUIDANCE TO THE AID DONORS AS TO THE CHARACTER AND TERMS OF ASSISTANCE APPROPRIATE TO THE CIRCUMSTANCES OF THE COUNTRY IN QUESTION. DONOR GOVERNMENTS AND AGENCIES WOULD NOT BE REQUIRED, AS A CONDITION OF PARTICIPATION, TO PLEDGE SPECIFIC AMOUNTS OR TYPES OF DEVELOPMENT ASSISTANCE. IN PRACTICE, HOWEVER, THEY FREQUENTLY INDICATE AT CONSULTATIVE GROUP MEETINGS THE NATURE AND AMOUNTS OF THE EXTERNAL ASSISTANCE WHICH THEY ARE PREPARED TO EXTEND AND IDENTIFY SPECIFIC PROJECTS FOR WHICH THEY ARE WILLING TO CONSIDER FINANCING. THE RECIPIENT COUNTRIES, FOR THEIR PART, WOULD

BE EXPECTED TO PROVIDE THE WORKING GROUPS WITH STATEMENTS
OF THEIR ECONOMIC PROGRAMS AND POLICIES, ALONG WITH ASSESS-
MENTS OF THEIR TECHNICAL ASSISTANCE REQUIREMENTS AND LISTS
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OF DEVELOPMENT PROJECTS FOR WHICH THEY WOULD BE SEEKING EX-
TERNAL ASSISTANCE. THE INTERNATIONAL FINANCIAL INSTITUTIONS
WOULD BE READY TO ASSIST IN PREPARING THIS MATERIAL, AND IBR
COUNTRY ECONOMIC REPORTS, TOGETHER WITH IMF REPORTS ON
RECENT ECONOMIC DEVELOPMENTS, WOULD BE MADE AVAILABLE TO
MEMBERS OF THE WORKING GROUPS.

CONCLUSION

8. THE PROPOSALS OUTLINED IN THIS PAPER HAVE BEEN DEVELOP-
ED BY THE WORLD BANK AS A BASIS FOR DISCUSSION IN RESPONSE
TO THE INTEREST EXPRESSED BY A NUMBER OF ITS MEMBER GOVERN-
MENTS IN ACCELERATING THE ECONOMIC DEVELOPMENT OF THE CARIB-
BEAN REGION. THE PAPER HAS BEEN PREPARED IN CONSULTATION
WITH THE OTHER INTERNATIONAL FINANCIAL INSTITUTIONS WHICH
MIGHT PARTICIPATE WITH THE WORLD BANK IN THE PROPOSED CARIB-
BEAN GROUP FOR COOPERATION IN ECONOMIC DEVELOPMENT. END
QUOTE. HABIB

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